

The Maximum Weekly Benefit Amount in Unemployment Insurance

By George Shelburne*

ALTHOUGH 34 STATES amended the benefit provisions of their unemployment insurance laws in 1945, there is still a wide variation in the levels of the maximum weekly benefits which they provide. In 3 States the maximum payment (exclusive of dependents' allowances) is \$25, while in 10 States it is only \$15. Recent proposals to liberalize further the maximum payment have received considerable attention and comment.

It is therefore appropriate to examine the proper level of the maximum benefit in terms of its function. This statement traces briefly the development of the maximum weekly benefit provisions of State unemployment insurance laws, compares them with the weekly maximum provided under related programs, and considers the factors which should determine the level of the maximum benefit amount.

Dependents' allowances involve many considerations which are not particularly pertinent here, since such allowances modify other important elements of the benefit formula in addition to the maximum weekly benefit amount. This statement therefore is concerned only with the maximum, exclusive of any dependents' allowances that may be provided. In States which pay dependents' allowances, these allowances must be taken into account in appraising the adequacy of the maximum. Whether the maximum should be the same for persons with or without dependents is a matter which requires separate study.

History of the Maximum Weekly Benefit Provisions of State Laws

The Committee on Economic Security in 1934 approached the problem of devising a basic unemployment insurance system for this country by determining the benefit rates and duration that would be possible within given financial limitations, despite the fact that its actuarial work was severely

handicapped by the lack of adequate statistics. The Committee decided to relate the weekly benefit directly to a fraction of the worker's recent full-time weekly wages. This relationship has many advantages not possessed by systems of flat benefits, particularly with respect to flexibility and the relation of the system to an economy with wide variations in wages. The primary objectives of setting the benefit amount as a proportion of wages are compensation for loss of wage income and maintenance of an incentive for reemployment. While a compromise between these desirable yet apparently contradictory objectives is achieved by the establishment of some differential between benefits and wages, the limitation of the weekly benefit to approximately 50 percent of earnings appears to have been based principally on solvency considerations.

The Committee recommended a maximum benefit of \$15 a week. This figure seems to have been chosen somewhat arbitrarily, although it was approximately 45 percent of the national average weekly earnings for the period covered by the actuarial estimates.¹ It was recognized that \$15 was less than half the average full-time weekly wage, because of the indeterminate amount of less than full-time earnings included in the computation. In any event, it represented considerably less than half the full-time weekly pay of large numbers of covered workers. The maximum chosen was thus not too appropriate for relating the benefit rate to the prevailing wage level on a national basis, and therefore certainly less appropriate when applied to individual States. However, at that time the amount itself was probably considered reasonably high for an entirely new program in a period of low individual and national income. This maximum rate was also recommended by the Social Security Board in the original draft bill prepared for the guid-

ance of State legislatures (January 1936) and in the revisions issued later in 1936 and 1937.

In the 1939 draft bill the Board departed from its original recommendation of a \$15 maximum and suggested that the amount should be determined in accordance with the level of wages in the particular State. This was also one of the conclusions drawn in a Board study on simplification of the benefit formula made during the previous year. This study indicated that the maximum payment should be established in relation to the wage level in each State and should be low enough to prevent high-paid workers from drawing an undue proportion of the fund.

The 1940 draft bill went a step further and declared that for most States a maximum of \$20 was attainable and desirable. The precise level of the maximum amount should depend, according to the commentary accompanying the bill, on the status of the fund, the wage level in the State, and consideration of the most desirable method of distributing the funds available for benefit payments. The most recent draft bill (1942) repeats these recommendations. However, in recognition of the increased living costs and higher wage levels and because a very large proportion of payments were being made at the maximum, the Board recommended in 1944 that the maximum benefit be raised to \$25 in all States.²

The original State laws almost without exception provided for a maximum benefit of \$15 a week. The only two deviations from this rate were in Michigan, \$16, and Wyoming, \$18.

A trend toward raising the maximum benefit provided in State laws had begun at a conservative pace before the war (table 1). The number of State laws providing for a maximum higher than \$15 increased from only 2 to 21 by December 1941. At that time only 3 States were paying as much as a \$20 maximum. By December 1944, however, 11 States provided maximums of \$20 or more; half the States, moreover, were providing maximum benefits of \$18 or more.

² "Unemployment Compensation in the Reconversion Period: Recommendations by the Social Security Board." *Social Security Bulletin*, October 1944, pp. 5-6.

*Bureau of Employment Security, Program Division.

¹ Social Security Board, *Social Security in America*, 1937, pp. 76-89, 415-421.

Table 1.—Number of States with specified maximum weekly benefit amounts¹ for unemployment insurance at end of 1937, 1941, 1944, and 1945

Maximum weekly benefit amount ¹	Number of States with specified provision on—			
	Dec. 31, 1937	Dec. 31, 1941	Dec. 31, 1944	Dec. 31, 1945
Total.....	51	51	51	51
\$15.....	49	39	22	10
16.....	1	7	4	3
17.....	0	2	0	0
18.....	1	9	14	11
20.....	0	3	10	19
21.....	0	0	0	3
22.....	0	0	1	2
25.....	0	0	0	3

¹ Excludes dependents' allowances.

Considerable improvement was made by the 1945 legislative sessions. Twenty-five States increased the maximum for all claimants by amounts ranging from \$1 to as much as \$10. The number of States retaining the original \$15 maximum benefit dropped to 10. On the other hand, more than half the States provided for \$20 or more, and the maximum allowable in 3 of these States was raised to \$25. Thus, the average maximum payment has been increased from \$15 to \$20, or by about 33 percent since the beginning of the program. Although only 27 States provide a maximum payment of \$20 or more, these States have in their jurisdictions about 80 percent of the covered workers. The 10 States which still provide a \$15 maximum have only about 7 percent of the covered employment (table 2).

Certain provisions in individual State laws affect the statutory maximums (table 3). It should be noted in particular that dependents' allowances in 3 States—Connecticut, Michigan, and Nevada—increase the maximum allowable benefit. Under the amended Utah law, the benefit rate varies with the Bureau of Labor Statistics cost-of-living index; when this index rises, the maximum benefit is raised but the duration of benefits is shortened; when the index drops, the benefit rate is reduced and the duration lengthened. The basic maximum of \$20 is increased to \$25 under the upward adjustment currently effective. The Maryland law specifies that, if the benefit under the Servicemen's Readjustment Act is increased

to \$25, the State's maximum will be raised accordingly. Finally, it should be noted that 11 States have provided that the maximum benefit may be reduced if the solvency of their fund is threatened.

Maximum Weekly Benefit Under Related Programs

For purposes of comparison, a brief examination of the maximum weekly benefit provided under related programs is useful. The most important of these programs are unemployment allowances for veterans and disability compensation under State workmen's compensation laws.

Eligible veterans of World War II are entitled to uniform unemployment allowances of \$20 per week of total unemployment under the Servicemen's Readjustment Act of 1944—the GI Bill of Rights. Self-employed veterans whose net earnings have been less than \$100 for the preceding calendar month are entitled to a monthly allowance equal to the difference between \$100 and their net earnings. Unlike State unemployment insurance benefits, these allowances are uniform for all eligible veterans and are unrelated to the previous earnings of the beneficiary.

Despite the fundamental differences in concept, the veterans' unemployment allowance may have influenced to some extent the recent increases in the State unemployment insurance maximums. A tendency to match the \$20 GI allowance is apparent in the 1945 State amendments; 11 of the 25 States increasing their maximums for all claimants raised the ceiling to \$20. As already mentioned, Maryland specifically provided that its maximum of \$20 shall be increased to \$25 if the GI allowance is so increased.

Under State workmen's compensation laws, benefits are paid for death and for four designated classes of disability—permanent total, permanent partial, temporary total, and temporary partial. This discussion will be focused on compensation for temporary total disability, since the circumstances in such cases most closely parallel those in unemployment insurance. The disability benefit, paid in addition to medical benefits awarded, is designed to compensate the worker for loss of earning power

Table 2.—Average number of covered workers¹ in States with specified maximum weekly benefit amount² for unemployment insurance

Maximum weekly benefit amount	Number of States	Covered workers	
		Total (in thousands)	Percent of total
All States.....	51	29,766.9	100.0
Less than \$20.....	24	5,888.8	19.8
\$20 or more.....	27	23,878.1	80.2
\$15.....	10	1,994.6	6.7
16.....	3	590.5	2.0
18.....	11	3,303.7	11.1
20.....	19	13,945.0	46.8
21-22.....	5	9,137.2	30.9
25.....	3	745.9	2.5

¹ In 1944; preliminary estimates of average number of workers in covered employment in last pay period of each type (weekly, semimonthly, etc.) ended in month.

² As of Dec. 31, 1945; excludes dependents' allowances.

during his enforced temporary idleness.

Alaska and Arizona are the only States which do not limit by statute the maximum benefit per week of temporary total disability. The other States set a maximum payment which varies widely, ranging from \$11.54 to as much as \$30 (table 3). Despite this wide range, however, the maximums are actually fairly closely grouped. In 20 States they fall in the \$18-20 range; in 10 additional States they range from \$21 to \$23. Several States increased their maximums during the war in recognition of the rise in wage levels.

Maximum benefit provisions under workmen's compensation laws are, in general, more liberal than under unemployment insurance laws (table 4). Only 10 States specify identical maximums under both systems.³ Among the 21 States having a maximum unemployment benefit of \$18 or less, the workmen's compensation maximums are considerably more liberal. In 13 of these States the workmen's compensation maximum is the higher, while the reverse is true in only 4 States; another 4 have identical maximums for both systems. This disparity is particularly striking in the 8 States which have a \$15 maximum unemployment benefit. In all but 3 of these 8, the workmen's compensation maximum is higher.

In almost two-thirds of the 30

³ Hawaii, Indiana, Iowa, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Vermont.

States which have a higher maximum in workmen's compensation, the discrepancy may be discounted to some extent because it is the concomitant of compensating for a higher percentage of wage loss. The majority of the workmen's compensation laws specify that the benefit rate shall be approximately two-thirds the weekly wage. Under unemployment insur-

ance the ratio of the benefit to weekly wages is not usually specified as such; approximations of this relationship indicate that under the majority of the laws the benefit rate is from 48-54 percent of the estimated weekly wage. Thus, in many of the States the higher workmen's compensation benefit corresponding to a given wage, and also the higher statutory maxi-

Table 4.—Number of States with specified unemployment insurance maximum benefit,¹ by workmen's compensation maximum benefit² for temporary total disability,³ as of December 31, 1945

Workmen's compensation maximum benefit	Number of States with unemployment insurance maximum benefit of—						
	Total	\$15	\$16	\$18	\$20	\$21-23	\$24 or more
Total.....	48	8	2	11	19	5	3
\$12-14.....	4	1	---	1	1	---	1
15.....	4	2	1	1	---	---	---
18-19.....	10	3	1	3	3	---	---
20.....	10	1	---	4	6	---	---
21-23.....	10	1	---	2	5	1	1
24 or more.....	10	---	---	---	5	4	1

Table 3.—Maximum weekly benefit amount under State unemployment insurance laws, and maximum weekly benefit amount for temporary total disability under State workmen's compensation laws, December 31, 1945

State	Maximum weekly benefit amount	
	Unemployment insurance	Workmen's compensation
Alabama.....	\$20	\$18.
Alaska.....	16	None.
Arizona.....	15	None.
Arkansas.....	15	20.
California.....	20 ¹	30. ²
Colorado.....	15	14.
Connecticut.....	22 (\$28 with dependents) ^{1, 3}	30.
Delaware.....	18	21.
District of Columbia.....	20 ³	25.
Florida.....	15	22.
Georgia.....	18	20.
Hawaii.....	25	25.
Idaho.....	18	14 (\$20 with dependents).
Illinois.....	20	18 (\$24 with dependents).
Indiana.....	20	20.08.
Iowa.....	18	18.
Kansas.....	16	18.
Kentucky.....	16	15.
Louisiana.....	18	20.
Maine.....	20 ¹	21.
Maryland.....	20 ⁴	23.
Massachusetts.....	21 ¹	22 (plus \$2.50 for each dependent).
Michigan.....	20 (\$28 with dependents).	21.
Minnesota.....	20	24.
Mississippi.....	15	(7)
Missouri.....	20 ⁴	20
Montana.....	15	15 (\$21 with dependents).
Nebraska.....	18	18.
Nevada.....	18 (\$24 with dependents) ¹	18.46 (\$20.77 with dependents).
New Hampshire.....	20 ¹	21.
New Jersey.....	22	25.
New Mexico.....	15	18.
New York.....	21 ⁷	28. ⁴
North Carolina.....	20	21.
North Dakota.....	20	20 (\$30 with dependents).
Ohio.....	21 ¹	24.50. ⁹
Oklahoma.....	18	21.
Oregon.....	18 ¹	15 (\$26.54 with dependents).
Pennsylvania.....	20 ¹	20.
Rhode Island.....	18 ¹	20.
South Carolina.....	20 ¹	25.
South Dakota.....	15	15.
Tennessee.....	15	18.
Texas.....	18 ⁷	20.
Utah.....	25 ¹⁰	22.50 (\$28.13 with dependents).
Vermont.....	20	20.
Virginia.....	15	18.
Washington.....	25	11.54 (variable allowances for dependents).
West Virginia.....	20	18.
Wisconsin.....	20	25.90.
Wyoming.....	20	12.69 (\$27.92 with dependents).

¹ Excludes dependents' allowances.
² Excludes Arizona and Alaska, which have no statutory maximum weekly benefit under workmen's compensation, and Mississippi, which has no workmen's compensation law.

imum benefit, are merely the result of the higher wage-loss ratio used. If the maximum under both programs is properly related to the wage level in the State, use of wage-loss ratios of 50 percent in unemployment insurance and 60 percent in workmen's compensation necessarily implies for the latter program a maximum higher by one-fifth. In 11 States, however, the wage-loss ratios are the same for both programs, but the highest weekly amount payable for temporary disability under workmen's compensation is higher than the maximum weekly benefit for unemployment. If the latter maximums were raised to equal the workmen's compensation benefit in these States, the increase would be \$1 in 2 States; \$2 in 3; \$3, \$4, \$7, and \$10, respectively, in each of 4 States. No maximum weekly benefit amount is specified for workmen's compensation in the other 2 States.

Rationale of a Maximum Weekly Benefit

The need for setting a maximum payment arises principally from financial considerations and social policy. The fact that unemployment benefit funds are segregated for each State is of considerable importance. Under this arrangement, the system as a whole is no stronger financially than the least solvent State fund. Fund receipts are very definitely limited, since they consist solely of receipts from a special-purpose tax (and derived penalties and interest)

¹ Law contains provision for reduction depending on solvency of fund.

² Effective until 91 days after the end of the 1947 session of the legislature, or until the official termination of World War II.

³ Effective Jan. 1, 1946.

⁴ If basic weekly allowance under Servicemen's Readjustment Act is increased to \$25, maximum will conform.

⁵ No workmen's compensation law in effect.

⁶ Effective Feb. 1, 1946.

⁷ Benefit amounts, expressed in days of unemployment in New York and in 2-week periods in Texas, have been converted to weekly amounts.

⁸ For claims accruing during the 2-year period beginning June 1, 1944.

⁹ Effective only until Sept. 30, 1947.

¹⁰ Basic maximum of \$20 is increased to \$25 under upward cost-of-living adjustment currently in effect.

Source: U. S. Department of Labor, Division of Labor Standards, *Principal Features of Workmen's Compensation Laws, as of July 1944*. Bulletin No. 62 (revised), with additional revisions through Dec. 31, 1945, supplied by Division of Labor Standards.

and from interest on the fund balance. Moreover, in years of full employment, experience rating has reduced the national average tax rate to only two-thirds the standard rate.

In most of the States, because of wartime increases in reserves available for benefit payments, the funds are in a very strong financial position. Consequently, while problems of financing are still important, they are not as significant as in the early years of the program. Economic considerations dictate, however, that the special tax for unemployment insurance shall be held at a low level. The problem of the best distribution of limited funds will therefore be present whether the financial provisions are approached from the position of what benefits can be paid with the funds available, or from the alternative of what tax will have to be imposed to pay for adequate benefits. The maximum payment is only one of many elements which affect the total amount spent for unemployment insurance; among others are the wage-loss ratio, the duration of benefits, the length of the waiting period, and eligibility requirements.

The social implications of the maximum benefit payment are important to these distributive considerations. The significance to the individual of the benefit payment, and consequently of the limitation imposed by the maximum, varies with both the income level of the claimant and the number of his dependents. It is fairly definitely established that among the lower-income groups a very large proportion, if not all, of the worker's earnings is spent for the basic necessities of a subsistence or even substandard level of living. On the other hand, among groups with higher earnings a smaller proportion of the income is needed for basic living requirements, and there is a margin for luxuries and savings. The value of the benefit dollar differs for these groups. To pay benefits at an unlimited rate would result in payments to groups with the highest earnings (say the highest one-fourth) that would be socially wasteful, in view of the relative utility of the additional dollars to such beneficiaries as compared with others. There is, then, social as well as financial justification for limiting the

benefit rate, if the benefit amount for workers below the highest income group is not unduly restricted thereby. Furthermore, the differences among income groups in the value of a higher weekly benefit are accentuated by the number of dependents whom the beneficiary must support. Data are available to substantiate the generalization that the cost of basic necessities increases with an increase in family responsibilities. Payment of dependents' allowances has been suggested as a device for achieving maximum social value at minimum expenditure. Other possible devices might be an increase in the wage-loss ratio for the lower-income groups, or a higher minimum benefit payment.

Proper Level of Maximum Payment

In setting the maximum, several elements must be carefully considered to achieve the best distribution of funds. Among them are the family responsibilities of claimants in relation to the cost of basic necessities. Budgets necessary to maintain a family at an acceptable standard provide a useful measure of the adequacy of benefits in meeting social needs. Thus, since living costs vary with family responsibilities, it has been suggested that unemployment benefits might be made more nearly adequate, in relation to the cost of basic necessities, by linking increases in the maximum benefit amount with variation of benefits in accordance with family responsibilities.* Basically, however, the maximum should be set in such a way as to compensate for a reasonable proportion of wage loss. This discussion is limited to a consideration of the method of determining how to set the basic maximum so that it meets that objective.

The most important consideration, approached from a negative point of view, is to avoid having a high percentage of benefit payments concentrated at the maximum rate. Such a situation means, substantially, that the program is providing a flat benefit rate for a large proportion of claim-

ants. This result is undesirable for several reasons. It amounts to a denial of the underlying principle that benefits should be related to wages. Moreover, by arbitrarily restricting the benefit amount of a high proportion of the beneficiaries, the function of the program in bridging gaps in workers' incomes is seriously limited. The failure of the benefit system to make up an adequate proportion of the wage loss of large numbers of beneficiaries will presumably result in heavy drains on personal and perhaps community resources—consequences which the program is designed to forestall.

Evidence that the majority of the State programs now provide in effect a flat payment for a large percentage of beneficiaries is very convincing. In 1944 the percentage of payments at the maximum amount was well over 40 in more than two-thirds of the States. The range in the percentage was extreme, from 5 to 94 percent. There was little correlation between the size of the statutory maximum benefit effective in 1944 and the percentage of payments at the maximum, since in nearly all States the maximum benefit bore very little relation to the prevailing wage level.

The relation of the maximum to the wage level can be shown by expressing the maximum as a percentage of a "computed maximum," defined in table 6. This computed maximum is that amount which would provide a benefit amount for 75 percent of the eligible workers in the State at the wage-loss ratio specified in the State law under the existing benefit formula. Study of this relationship showed that States for which the statutory maximum fell far below the computed maximum (and hence below the specified proportion of wage loss of many workers) had a very high percentage of payments at the maximum rate. Similarly, States for which the statutory maximum approached the computed maximum (and came more closely in line with the proportion of wage loss specified in the law) had a much lower percentage of payments at the top rate. In any event, it is clear that in 1944 the great majority of the States were, in effect, paying a flat rate to a considerable proportion of their beneficiaries.

*For a fuller discussion of these relationships see "Unemployment Insurance and the Cost of Basic Necessities," supplement to *Employment Security Activities*, Bureau of Employment Security, March 1946.

Table 5.—Percent of weeks of total unemployment compensated at maximum amount,¹ by State, 1945

State	Percent compensated at maximum amount	State	Percent compensated at maximum amount
Total ¹	72.4	Missouri.....	77.1
Alabama ²	52.7	Montana.....	60.1
Alaska.....	92.1	Nebraska ³	72.9
Arizona.....	95.1	Nevada ⁴	91.4
Arkansas.....	67.3	New Hampshire ⁵	11.3
California.....	87.5	New Jersey ⁶	78.4
Colorado.....	68.4	New Mexico.....	58.2
Connecticut ⁷	(⁸)	New York ⁹	76.7
Delaware.....	74.5	North Carolina ¹	12.8
District of Columbia.....	(⁸)	North Dakota ²	49.9
Florida.....	73.7	Ohio ³	54.6
Georgia.....	64.7	Oklahoma ⁴	90.8
Hawaii ⁵	74.6	Oregon ⁵	77.7
Idaho.....	23.9	Pennsylvania ⁶	63.4
Illinois.....	80.0	Rhode Island.....	(⁸)
Indiana ⁷	61.8	South Carolina ⁸	15.4
Iowa ⁸	73.1	South Dakota.....	30.5
Kansas ⁹	85.8	Tennessee.....	64.9
Kentucky.....	36.8	Texas ¹⁰	55.6
Louisiana.....	75.4	Utah ¹¹	87.2
Maine ¹²	49.7	Vermont ¹²	40.6
Maryland.....	86.2	Virginia.....	58.7
Massachusetts ¹³	66.6	Washington ¹³	62.5
Michigan ¹⁴	(⁸)	West Virginia ¹⁴	36.0
Minnesota.....	51.8	Wisconsin.....	57.5
Mississippi.....	54.9	Wyoming.....	77.5

¹ Based on payments for full weekly benefit rate only; excludes residual payments and payments reduced because of receipt of benefits under other programs.

² Based on data for 47 States. In States which amended the maximum benefit amount during 1945, percent represents the weighted average of payments at the maximum under both old and new laws. See footnote 3.

³ Maximum changed by law during 1945. See footnote 2.

⁴ Excludes dependents' allowances.

⁵ Comparable data not available.

⁶ Percentage based on data which include payments for "less than total" unemployment.

⁷ Estimated.

⁸ State law provides for 2-week benefit period; data adjusted for comparability with other States.

the proportion of wage loss specified in the State law. If this were done, the limitation of the benefit rate would reduce the benefit amount only for the group of workers at the highest wage levels. Such a maximum, as noted above, was computed for each State under its existing benefit formula. Comparison of this computed figure with the statutory maximums makes very evident the need for further upward revision of the present maximum weekly benefits. In only 3 of the 51 States is the present maximum sufficiently high to meet this standard. In the other 48 States the existing maximum ranges from 40 to 95 percent of the computed figure and in 30 of these States the range is 50-70 percent. Thus it can be expected that a heavy proportion of the benefit payments in most States will continue to be restricted by the statutory limitation.

The data used in estimating the computed maximums are considered sufficiently accurate to support these general conclusions. Because the wage distributions (and the extensions of the benefit formula in some cases) were only approximate, however, it is not possible to make precise computations for each State.

Because of the wide differences in the wage levels and in the fraction used to determine the benefit rate, it is difficult to ascertain a uniform maximum payment that is equally

Even after the statutory maximum was increased in 26 States in 1945, there was a heavy concentration of payments at the maximum rate. An average of 72 percent of all payments were at the maximum in the 47 States for which comparable data are available (table 5), the proportion ranging from 11 percent in New Hampshire to 95 percent in Arizona. In only 4 States was the proportion of payments at the maximum less than 25 percent, and in about three-fourths of the States it was more than 50 percent.

A maximum payment basically geared to the wage level will prevent the concentration of a significant proportion of payments at the top rate. The maximum should be sufficiently high to permit the great majority of the insured workers to qualify for a benefit amount representing the proportion of wage loss specified in the State law. Only in this manner can the system justify itself to the workers to whom it guarantees protection against wage loss during short-term unemployment.

To account for the great majority

of the eligible workers, the maximum should be set basically in such a relation to the State wage level as to permit perhaps three-fourths of the eligible workers in the State to qualify for a benefit amount representing

Table 6.—Number of States with specified statutory maximum weekly benefit amount for unemployment insurance,¹ by computed² maximum weekly benefit amount

Computed maximum	Number of States with statutory maximum of—							
	Total	\$15	\$16	\$18	\$20	\$21	\$22	\$25
Total.....	51	10	3	11	19	3	2	3
\$15.....	1				1			
17.....	1				1			
18.....	3	2	1					
19.....	2			1	1			
20.....	2	1			1			
23.....	3				2			
24.....	3	1			2			
26.....	3	2			1			
27.....	4	1		1	1	1		
28.....	4	1		3				
29.....	2			1	1			
30.....	4	1	1		1			1
31.....	1						1	
32.....	5			1	3			1
35.....	3			2		1		
37.....	1						1	
38.....	2					1		1
39.....	1			1				
40 or more.....	6		1		5			

¹ Excludes dependents' allowances.

² Adjusted to the State wage level so as to permit the determination of benefits for 75 percent of the eligible workers in the State at the wage-loss ratio specified in the State law under the existing benefit

formula. Wages estimated for 1944 from data furnished by Bureau of Old-Age and Survivors Insurance showing workers cross-classified by annual and high-quarter earnings, by number of States.

Table 7.—Distribution of States according to ratio (percent) of present statutory maximum¹ and three assumed uniform maximums to computed maximum²

Percent of computed maximum	Number of States			
	Present statutory maximum	Assumed uniform maximum of—		
		\$20	\$25	\$30
Total.....	51	51	51	51
200 or more.....				1
190-199.....				
180-189.....				
170-179.....				1
160-169.....			1	3
150-159.....				4
140-149.....			1	
130-139.....	1	1	5	3
120-129.....			2	3
110-119.....	1	4		7
101-109.....	1	2	6	6
100.....		2		4
90-99.....	2		7	6
80-89.....	8	6	11	4
70-79.....	6	11	8	9
60-69.....	14	12	10	
50-59.....	6	13		
40-49.....	2			

¹ As of Dec. 31, 1945; excludes dependents' allowances.

² See table 6, footnote 2.

applicable to all States. A uniform maximum of \$20, for example, would accomplish very little, since 42 of the States would fall considerably short of adjusting to the State wage level at this amount. Thus, in about 80 percent of the States, a maximum of \$20 would not be geared to the State wage level so as to permit the determination of benefits for 75 percent of the eligible workers in the State at the wage-loss ratio specified in the State law. Measured by this same standard, a basic maximum amount of \$25 might be too high in 15 States but too low in the remaining 36 States (table 7). Even in the 15 States, a maximum of not less than \$25 might be justified if an examination of the costs of basic necessities in relation to the number of dependents of claimants in the higher wage brackets shows that such a maximum is necessary to enable claimants to tide themselves over between jobs without recourse to other resources. Although in the remaining 36 States a \$25 maximum falls short of the suggested standard of adequacy, it would reduce considerably the proportion of beneficiaries whose benefit amounts are restricted by the statutory maximum.

Wartime increases in wage levels have been a primary factor in producing the inadequacies of the present statutory maximums. From Jan-

uary 1941 to October 1944, average gross weekly earnings increased by more than 76 percent. This rise was the result of increases in straight-time hourly earnings, shifts of workers to higher-paid war industries and higher-paid localities, accelerated merit increases and promotions, increased shift premium payments, abnormal incentive earnings, increase of overtime work at premium pay, and more continuous employment.⁶ A slight rise continued through the first month of 1945, but thereafter average weekly earnings showed a steadily declining trend until December, when a small increase occurred. Average weekly pay in December 1945 was 13.1 percent below that for the same month of 1944 as a result of reductions in both hourly pay and working hours.⁶ Part of the decline is being regained through increases in hourly wage rates, however. While

⁶ National War Labor Board, *Wage Report to the President*, February 22, 1945.

⁶ "Trend of Factory Earnings, 1939 to March 1946," *Monthly Labor Review*, June 1946, pp. 1006-1007.

it is difficult to predict future wage rates, probably gross weekly earnings will fall below wartime levels, and high-quarter earnings in 1944 or 1945 will represent for many workers a peak that will not be exceeded or even reached for a long time. As a conservative approach toward adjusting the maximum payment, it might be related to something less than the peak wartime wage levels, with attention to the trend in wages as well as the distribution of wages at a particular time.

The problem of adjusting the maximum payment cannot be isolated from other elements in the benefit formula. Adjustment of the eligibility requirements or of the wage-loss ratio would necessarily affect the relation of the maximum payment to the wage level of eligible workers. So will adjustment of the benefit formula in relation to the costs of basic necessities. Moreover, raising the maximum for all claimants is not the only possible device. One alternative would be to increase the maximum only for claimants with dependents.

Claimants Awaiting Recall—Their Special Problems of Availability and Suitability of Work

By Olga S. Halsey*

"THE CLAIMANT was denied benefits because he stated he was returning to his former employment."¹ This claimant for unemployment benefits, appealing from a decision to deny him benefits, testified that he had expected to return to his former employer; that by the time of the hearing, however, he was not quite sure that he would be recalled; and that he would now ac-

cept suitable employment if it were offered. On the basis of these facts, he was held to have been unavailable for work and ineligible for benefits until the day on which he said that he was willing to take other suitable work.

To the employee, denial of unemployment benefits under such a decision means economic pressure to take other work rather than to wait, wholly at his own expense, for his regular employer to resume operations. To the employer, it may mean inability to recall experienced workers when he again starts production. For unemployment insurance, such a decision raises questions as to the circumstances under which claimants may be considered "available for work"—a condition which all claimants must meet if they are to be eligible for unemployment benefits.

*Bureau of Employment Security, Program Division.

¹ Md. 9817, Dec. 19, 1945; contra: Md. 9548, Dec. 14, 1945, unpublished. For similar holdings see 9865-Ala. A (June 18, 1945), *Ben. Ser.*, Vol. 8, No. 10; Ga. AT-4199, Feb. 1, 1946. Citations to *Ben. Ser.* refer to *Benefit Series* of the Unemployment Compensation Interpretation Service, issued by the Social Security Board through Vol. 9, No. 7, and thereafter by the Social Security Administration. Citations to unpublished decisions give the name of the State and the official State number of the case.